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UNCLAS KUWAIT 003921

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STATE FOR EB/TPP/MTA, NEA/ARP; COMMERCE FOR VAUGHAN,
ROLLIN; AGRICULTURE FOR BERTSCH

E.O. 12958: N/A

TAGS: ECON ETRD KU

SUBJECT: KUWAITI TRADE AGREEMENT COMPLIANCE AND MONITORING

REF: SECSTATE 152063

¶1. In response to reftel, Post's trade compliance and monitoring regime is organized as follows. The Economic Section covers issues related to Kuwait's Trade and Investment Framework Agreement (TIFA), tax policy, and protection of intellectual property rights (IPR). The Foreign Commercial Service (FCS) also covers compliance issues affecting U.S. businesses and takes the lead in advocacy for a more transparent and harmonized industrial standards regime, promotion of greater transparency in government procurement and contracting, and revision of Kuwait's ambiguous and investment-deterring corporate tax law. Econ and FCS report on compliance issues through their respective channels and coordinate with USTR, the State Department's Bureau of Economic and Business Affairs, and the Department of Commerce's Trade Compliance Center on commercial and economic diplomacy. Compliance efforts are also supported by other agencies at Post including U.S. Customs, which covers IPR and export/import requirements, and the Office of Military Cooperation, which covers Foreign Military Sales.

¶2. The Embassy point of contact for trade agreement compliance and monitoring is Economic Officer Chris Green, tel.: (965) 259-1249, fax: (965) 259-1051, email: GreenCR@state.gov.

¶3. Post's involvement in compliance issues has produced several success stories:

-- The Embassy has strongly advocated that the Government of Kuwait (GOK) scrap a pre-inspection regime for imported goods inconsistent with WTO standards. As a result, the GOK has acknowledged its WTO obligations and is now in the process of adopting industrial standards that conform to international norms.

-- In response to a complaint from Thomson Publishing, the Embassy intervened to stop the duplication of textbooks in a case in which royalties had not been paid.

-- In response to a complaint by Miliken International, the Embassy persuaded the GOK to conform to international standards with respect to country of origin labeling of bulk textile products.

-- With the guidance and support of U.S. Customs, Kuwait Customs has executed a number of successful seizures of pirated CDs and DVDs in recent months.

-- After several years of engagement from Post in tandem with the regional Agricultural Trade Office in Dubai, the GCC has drafted regulations which would standardize shelf life

requirements for food products by requiring a "best by" or "use by" date. If finalized later in 2006 as is currently expected, the rule would simplify labeling requirements for food exporters and extend the permissible shelf life of imported food products in GCC countries. In each of these cases, Post's involvement is directly contributing to outcomes favorable to U.S. industry.

¶4. Through the TIFA process and as a part of its U.S. business advocacy efforts, Post continues to actively monitor public contracting and procurement, application of Kuwait's offset program, protection and enforcement of intellectual property rights, and tax treatment of U.S. businesses. The current tax regime places an excessive tax burden on foreign companies and fails to adequately define what constitutes taxable presence in cases of agent, distributor, and franchise arrangements.

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